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2005 AUG 26 PM 3:12  
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TRA. DOCK

Kristi Stout  
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Reply to  
Nashville Office

August 26, 2005

Chairman Ron Jones  
Attn. Sharla Dillon  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

RE: Petition of King's Chapel Capacity, LLC for Certificate of Convenience and Necessity to Serve an Area in Williamson County, Tennessee Known as Ashby Community Docket No. 04-00335 (Supplemental Responses to August 15, 2005 Data Requests)

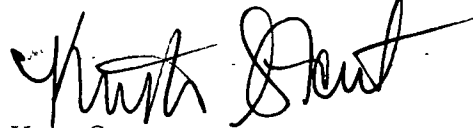
Dear Chairman Jones:

Please find enclosed for filing, an original and 14 copies of King Chapel Capacity's Supplemental Data Request Responses. Please date stamp one copy for my records.

Some responses include proprietary information and are properly marked confidential. Thank you for your assistance regarding this matter. If you have any questions, or if I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN  
BOBANGO HELLEN & DUNLAP, PLC



Kristi Stout

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

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**IN RE:**

**PETITION OF KING'S CHAPEL )  
CAPACITY, LLC FOR CERTIFICATE OF )  
CONVENIENCE AND NECESSITY TO )  
SERVE AN AREA IN WILLIAMSON )  
COUNTY, TENNESSEE KNOWN AS )  
ASHBY COMMUNITY )**

**DOCKET NO. 04-00335**

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**SUPPLEMENTAL RESPONSES OF KING'S CHAPEL CAPACITY, LLC TO TRA  
STAFF DATA REQUESTS DATED AUGUST 15, 2005**

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King's Chapel Capacity, LLC ("KCC"), by and through undersigned counsel of record,  
hereby provides the following responses to the Tennessee Regulatory Authority's Data Requests:

**King's Chapel Capacity**  
**TRA Supplemental Data Request Response – Docket 04-00335**

1. **In the Petition, KCC requested authority to provide wastewater service to the King's Chapel subdivision. However, in responses to several data requests, KCC appears to also be requesting authority to provide service to the Blackhawk subdivision. Is it the Company's intention to provide service only to the King's Chapel subdivision or is the Company now intending to amend its Petition to also provide service to the Blackhawk subdivision?**

**Company Response:**

KCC was originally requested by Williamson County to provide wastewater service to the nearby Blackhawk subdivision. However, in order to avoid delays with their project, the owners of the Blackhawk subdivision have now elected to utilize septic tanks in the first phase of their development. KCC does **not** propose to amend its pending CCN Petition in order to also provide service to the Blackhawk subdivision at this time. If it becomes feasible in the future for KCC to provide wastewater service to the Blackhawk subdivision, then KCC will ask the TRA for authority at that time to amend its original CCN in order to provide this service.

**King's Chapel Capacity**  
**TRA Supplemental Data Request Response – Docket 04-00335**

2. **Please provide notarized statements from independent third parties attesting to the personal net worth of the owners of King's Chapel Capacity.**

**Company Response:**

See attached. Because of the personal nature of this response, KCC is filing this information under proprietary seal.

**King's Chapel Capacity**  
**TRA Supplemental Data Request Response – Docket 04-00335**

3. **Provide an updated plat and system map showing Ashby Community's latest development plan.**

**Company Response:**

See attached.

**King's Chapel Capacity  
TRA Supplemental Data Request Response – Docket 04-00335**

**4. Provide a chart of accounts that KCC expects to use.**

**Company Response:**

KCC has hired Mr. Hal Novak with WHN Consultant as its accountant. Mr. Novak is in the process of developing the chart of accounts for KCC. This chart of accounts will follow the NARUC Uniform System of Accounts for Class C Wastewater Utilities and will form the basis of the Company's quarterly and annual reports to the TRA. Since the chart of accounts is currently under development, the Company is unable to provide it to the TRA at the present time. However, this information will be provided to the TRA Staff within 30 days after the Company receives its CCN.

**King's Chapel Capacity**  
**TRA Supplemental Data Request Response – Docket 04-00335**

5. **Provide a letter from the developer of Ashby Communities to KCC stating that the developer will be responsible for paying the bonding cost on the unsold lots of the development until the subdivision is fully built-out.**

**Company Response:**

See attached.

Ashby Communities, LLC  
1413 Plymouth Dr.  
Brentwood, TN 37027

August 25, 2005

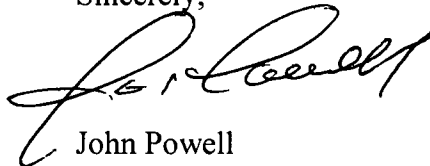
Mr. John Powell, President  
King's Chapel Capacity, L.L.C.  
1413 Plymouth Drive  
Brentwood, TN 37027

Dear Mr. Powell:

This letter is to inform you that Ashby Communities, L.L.C. ("Ashby") has been notified by the Williamson County government that King's Chapel Capacity, L.L.C. ("KCC") will be required to post a bond in order to assure the continued operation of the wastewater system for the King's Chapel subdivision. It is also our understanding that the cost for this bond is based on the total number of lots in the subdivision, irregardless of whether these lots are occupied or vacant.

As developer of the King's Chapel subdivision, Ashby recognizes its duty to fund the monthly cost of this bond on the unsold lots in the King's Chapel subdivision. Therefore, Ashby is hereby notifying KCC that it will fund the monthly bonding cost incurred by KCC on the unsold lots of King's Chapel subdivision. It is our understanding that as these lots are sold, the monthly bonding charge shall be assessed to the new owners.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Powell", written over the printed name.

John Powell  
General Manager



**King's Chapel Capacity**  
**TRA Supplemental Data Request Response – Docket 04-00335**

6. **Provide tariff language and rates that reflect the calculation of bonding cost using the current expected lot count.**

**Company Response:**

See attached TRA Tariff #2, Sheets 6 and 7 for new tariff language regarding bonding cost. See attached TRA Tariff #3, Sheets 1 and 2 for bonding cost calculation reflecting the expected lot count for King's Chapel subdivision.

### Contributions in Aid of Construction

Wastewater system components furnished by developers and landowners to King's Chapel Capacity will be recognized as Contributions in Aid of Construction in the amount of actual construction cost.

### Contracts for Services

Each customer, before installation of service, shall be required to execute a sewer service agreement with King's Chapel Capacity.

### Customer Billing

Customer billing may be different from area to area. If the area is serviced by a utility water service, the water provider will be requested to provide billing services. For flat fee areas a coupon book will be provided on an annual basis with monthly statements. Water bill comparisons or metering may be employed if higher water usage than typical is suspected

In cases where pass through treatment costs and commercial customers are involved, a monthly bill will be sent to the customer and will be based on the gallons of water consumed

### Bonding Cost

The Company is currently required to post a bond to assure continued operation of the wastewater system by the Williamson County government. The cost of such bond, which is subject to change by the Williamson County government, is passed along to the customer, without markup by the Company, as a separate line item on each customer's monthly bill and is titled "Williamson County Bonding Charge " The monthly charge for bonding cost is calculated as follows:

$$MBC = \frac{UBC_{N-1} + (B_N \times I_N \div M)}{L}$$

Where

|     |   |  |
|-----|---|--|
| MBC | = | the monthly bonding charge;                            |
| UBC | = | the unrecovered bonding cost from the previous period; |
| N   | = | the current period;                                    |
| B   | = | the amount of bond required by Williamson County;      |
| I   | = | the interest rate assessed to purchase the bond,       |
| M   | = | months per year or 12; and                             |
| L   | = | number of lots in the subdivision.                     |

King's Chapel Capacity  
TRA #2  
Wastewater Tariff

Sheet #7  
Effective Date: \_\_\_\_\_

**Public Contact**

John Powell, President  
King's Chapel Capacity  
1413 Plymouth Drive  
Brentwood, TN 37027

Phone: 615-370-4432

**Tennessee Regulatory Authority Regulations**

King's Chapel Capacity County Capacity in its operation, shall conform to all applicable rules and regulations promulgated by the Tennessee Regulatory Authority. Phone 1-800- 342-8359.

King's Chapel Capacity  
TRA #3  
Wastewater Tariff

Sheet #1  
Effective Date: \_\_\_\_\_

**King's Chapel Capacity  
Wastewater Service Billing Summary**

| System                      | Monthly Charge |
|-----------------------------|----------------|
| Ashby Communities – Sheet 2 | \$41.42        |

**King's Chapel Capacity  
 Ashby Communities Billing Rates**

|  | <b>Monthly<br/>Charge</b> | <b>Escrowed<br/>Amount</b> |
|--|---------------------------|----------------------------|
| Collection System Operation and Maintenance (Tariff Items 1 – 4) | \$8.95                    | \$6.35                     |
| Treatment System Cost (Tariff Items 5 – 7)                       | 6.23                      | 2 90                       |
| Utility Cost (Tariff Items 11 and 13)                            | 1 30                      | 0 00                       |
| Disposal System Cost (Tariff Items 15 – 17)                      | 1.53                      | 0 88                       |
| Sampling and Testing Cost (Tariff Item 18)                       | 7.00                      | 0.00                       |
| Billing and Collection Cost (Tariff Item 20)                     | 1.50                      | 0 00                       |
| Miscellaneous Cost (Tariff Items 21 – 30 excluding Bonding)      | 8.60                      | 0 00                       |
| Bonding Cost (Pass Through) **                                   | 6.31                      | 0 00                       |
| <b>Total</b>   | <b>\$41.42</b>            | <b>\$10.13</b>             |

**Incidental Rates:**

|                |             |
|----------------|-------------|
| Late Payment   | 5% of Bill. |
| Disconnection  | \$10.00     |
| Reconnection   | \$15.00     |
| Returned Check | \$20.00     |
| Access         | \$84.00     |

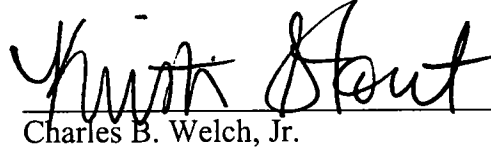
**\*\* Bonding Cost incurred is passed through to the customer with no markup by the Company.**

**Total Bonding Cost**

|                 |               |
|-----------------|---------------|
| Amount of Bond  | \$1,649,748   |
| Interest Rate   | 1%            |
| Number of Lots  | 218           |
| Months per Year | <u>12</u>     |
| <b>Total</b>    | <b>\$6.31</b> |

Respectfully submitted,

FARRIS MATHEWS BRANAN  
BOBANGO HELLEN & DUNLAP, PLC



A handwritten signature in black ink, appearing to read "Kristi Stout", is written over a horizontal line.

Charles B. Welch, Jr.

Kristi Stout

618 Church Street, Suite 300

Nashville, TN 37219

Tel: (615) 726-1200

Fax: (615) 726-1776

Attorneys for Petitioners